

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4841-01
Bill No.: SB 1190
Subject: Certificate of Need; Nursing and Boarding Homes; Elderly; Health Dept.; Health Care.
Type: Original
Date: March 4, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	(Unknown exceeding \$111,960)	(Unknown exceeding \$111,960)	(Unknown exceeding \$111,960)
Total Estimated Net Effect on <u>All</u> State Funds	(Unknown exceeding \$111,960)	(Unknown exceeding \$111,960)	(Unknown exceeding \$111,960)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds*	\$0	\$0	\$0

* Revenues and expenditures Unknown exceeding \$100,000 but net to \$0.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	(Unknown) to Unknown	(Unknown) to Unknown	(Unknown) to Unknown

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Health Facilities Review Committee** stated in calendar year 2001, 31 LTC projects were reviewed for expansion through purchase and/or replacement, which resulted in \$47,300 in application fees. These fees were deposited into General Revenue. This proposal would allow these facilities to add RCR and/or ICF/SNF beds or replace a facility without first obtaining a Certificate of Need. Therefore, there would be a loss to General Revenue.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** stated the proposed legislation will have a fiscal impact to the DMS. The continuing care retirement community (CCRC) could build residential or skilled nursing beds - Personal Care in an RFC and NF care are Medicaid covered services. It is assumed the resident would be more willing to move to these beds if the beds are located in their community. The fiscal impact is unknown, but the impact would be at least \$100,000. The number of entities that provide congregate housing and independent living, but do not have RCF or SNF beds to meet the CCRC definition is unknown. However, there are several located throughout Missouri.

If one entity built 10 SNF beds to meet the CCRC definition and certified the beds to participate in Medicaid, the annual cost would be at least \$100,000.

10 beds	
77%	Occupancy (average of State)
2,810	Total patient days in a year
62%	Medicaid share of total days
1,742	Medicaid days
<u>\$95.74</u>	Medicaid interim rate
<u>\$166,779</u>	Medicaid costs

Officials from the **Department of Health and Senior Services (DOH)** provided the following assumptions related to the proposed legislation:

197.370.1 The DOH believes that exempting continuing care retirement centers from the certificate of need program may substantially increase the number of these facilities statewide. Since this section does **not** exempt continuing care retirement centers from the licensure requirements in Chapter 198, the DOH assumes any fiscal impact will be related to an increase in the number of these facilities providing residential, intermediate or skilled nursing care that must be licensed and inspected. Therefore, depending on the number of continuing care retirement communities that may be established that provide residential, intermediate or skilled nursing care, the DOH may need to request additional FTE in the future.

ASSUMPTION (continued)

197.370.3 This section requires any skilled nursing facility that fails to achieve a specified

occupancy level to relinquish beds. The DOH assumes that any fiscal impact will be related to a reduction in a facility's licensed capacity which would affect license fees and inspection activities. However, the DOH believes that since any relinquished beds will most likely be reallocated to a different facility, any fiscal impact will be negligible.

The DOH officials stated this legislation may have an indeterminate fiscal impact on local governments that operate skilled nursing facilities that must relinquish beds for failure to achieve a specified occupancy rate.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (12 Mo.)	FY 2004	FY 2005
GENERAL REVENUE FUND			
<u>Loss - Missouri Health Facilities Review Committee</u>			
Loss in Application Fees	<u>(\$47,300)</u>	<u>(\$47,300)</u>	<u>(\$47,300)</u>
Total <u>Loss</u> - Missouri Health Facilities Review Committee	<u>(\$47,300)</u>	<u>(\$47,300)</u>	<u>(\$47,300)</u>
<u>Costs - Department of Social Services - Division of Medical Services</u>			
Medicaid Nursing Facility Payments	<u>(Unknown exceeding \$64,660)</u>	<u>(Unknown exceeding \$64,660)</u>	<u>(Unknown exceeding \$64,660)</u>
Total <u>Costs</u> - Department of Social Services	<u>(Unknown exceeding \$64,660)</u>	<u>(Unknown exceeding \$64,660)</u>	<u>(Unknown exceeding \$64,660)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown exceeding \$111,960)</u>	<u>(Unknown exceeding \$111,960)</u>	<u>(Unknown exceeding \$111,960)</u>

FEDERAL FUNDS

Income - Department of Social Services - Division of Medical Services

<u>FISCAL IMPACT - State Government</u>	FY 2003 (12 Mo.)	FY 2004	FY 2005
Medicaid Reimbursements	Unknown exceeding \$102,119	Unknown exceeding \$102,119	Unknown exceeding \$102,119
<u>Costs - Department of Social Services - Division of Medical Services</u>			
Medicaid Nursing Facility Reimbursements	<u>(Unknown exceeding \$102,119)</u>	<u>(Unknown exceeding \$102,119)</u>	<u>(Unknown exceeding \$102,119)</u>

**ESTIMATED NET EFFECT ON
 FEDERAL FUNDS** **\$0** **\$0** **\$0**

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (12 Mo.)	FY 2004	FY 2005
LOCAL GOVERNMENT NURSING FACILITIES			
<u>Savings - Local Government Nursing Facilities</u>			
Reduction of Costs from Loss in Beds	Unknown	Unknown	Unknown
<u>Loss - Local Government Nursing Facilities</u>			
Lost Revenue from Reduction in Beds	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

**NET ESTIMATED EFFECT ON
 LOCAL GOVERNMENT NURSING
 FACILITIES** **(Unknown) to
 Unknown** **(Unknown) to
 Unknown** **(Unknown) to
 Unknown**

FISCAL IMPACT - Small Business

The proposed legislation may impact small business retirement communities. The net effect is unknown.

DESCRIPTION

This act exempts continuing care retirement communities (CCRC) from the certificate of need (CON) law. A new Section 197.370 defines CCRCs as housing operated to provide a continuum of care to older adults while allowing them to remain in the same location as they require higher

levels of care. Four levels of care are also defined within the CCRC definition.

This act exempts CCRCs from the CON process for the addition of long term care beds if such beds are to go to a CCRC campus or if the beds will go to a proposed CCRC project upon its completion. If a skilled nursing facility (SNF) which has been licensed more than three years does not have 55 percent occupancy or higher for the last six quarters, then it must relinquish its excess beds over 65 percent. The SNF may regain those beds after obtaining 90 percent occupancy for six quarters. Any person who owns a CCRC may relocate the beds or change the licensure of the beds and relocate them to another CCRC owned by that person.

This act contains an emergency clause.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Missouri Health Facilities Review Committee
Department of Social Services - Division of Medical Services
Department of Health and Senior Services



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Acting Director
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